



RNS

Issue of Equity

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### **MALVERN INTERNATIONAL PLC**

Released 14:12:59 25 June 2020

RNS Number : 1211R  
 Malvern International PLC  
 25 June 2020

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25 June 2020

**Malvern International plc  
 ("Malvern", the "Company", or the "Group")**

**Proposed Placing and Subscription to raise approximately £1.25 million  
 Board Changes**

Malvern (AIM: MLVN), the global learning and skills development partner, today announces that the Company is carrying out an equity fundraising to raise gross proceeds of approximately £1.25 million by way of a placing to raise up to £1.15 million and a subscription to raise approximately £0.1 million in each case at a price of 0.15 pence per share.

#### *Fundraising Highlights*

- Fundraising by way of a Placing and a Subscription to raise approximately £1.25 million through the issue of an aggregate of approximately 833,333,334 New Ordinary Shares at the Issue Price.
- Placing to raise approximately £1.15 million through the issue of approximately 766,666,667 New Ordinary Shares at the Issue Price.
- Subscription to raise to approximately £0.1 million through the issue of 66,666,667 New Ordinary Shares at the Issue Price.
- The net proceeds of the Fundraising will be used to provide the Company with additional working capital and strengthen the Company's balance sheet. The Directors believe that the net proceeds of the Fundraising should provide sufficient liquidity and flexibility to allow the Company to manage through the period of expected disruption caused by COVID-19.
- The Fundraising Shares will represent approximately 69 per cent. of the Company's Enlarged Issued Ordinary Share Capital.
- Appendix to this Announcement (which forms part of this Announcement) contains the definitions used in this Announcement.

#### *Other Highlights*

- The Company has agreed a restructuring of its existing debt with Boost & Co. which provides for a two year capital repayment holiday and interest free period subject to performance conditions.
- The Company believes trading will be interrupted for some time and is working on the assumption that it will not be until early 2021 that the level of business returns to normal levels.
- Subject to and with effect from Admission, Richard Mace, will be appointed as the new CEO of the Company
- £169,586 amounts due to creditors expected to be converted into 113,057,613 New Ordinary Shares.

#### **Enquiries:**

**Malvern International plc**

[www.malverninternational.com](http://www.malverninternational.com)

Mark Elliott (Non-Executive Chairman)

Via Communications Portfolio

**WH Ireland Limited** (Nominated Adviser and Broker)  
Mike Coe / Chris Savidge (Corporate Finance)  
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## Proposed Placing and Subscription to raise up to £1.25 million

### 1. Introduction

The Company is pleased to announce the terms of a fundraising to raise £1.25 million (before expenses) through a placing and subscription with existing and new investors through the issue of approximately 833,333,334 New Ordinary Shares at a price of 0.15 pence per Fundraising Share.

The Placing, which is being conducted by WH Ireland, comprises the placing of approximately 766,666,667 New Ordinary Shares at the Issue Price. The Subscription comprises approximately 66,666,667 New Ordinary Shares at the Issue Price. The Placing and the Subscription are conditional only upon, compliance by the Company in all material respects of its obligations under the Placing Agreement and the occurrence of Admission.

The Issue Price of 0.15 pence per New Ordinary Share represents a discount of 61 per cent. against the mid-market price of approximately 0.38 pence per share at which the Ordinary Shares were quoted on AIM as at close of trading on 19 May 2020, the last trading day prior to announcement of the Original Fundraising.

### 2. Background to and reasons for the Fundraising

On 19 March 2020, the Company announced that due to UK Government restrictions its UK schools would be closed with effect from 20 March 2020 and, on 6 April 2020, the Company announced that its school in Singapore would be closed with effect from 7 April 2020 in accordance with Singapore Government guidelines.

The schools in both the UK and Singapore remain physically closed and as yet there is no certainty as to when they will open. The closure of the schools has had a significant impact on revenues and cash inflows. While the Company has taken steps to reduce its cash outflows including all staff taking pay cuts, it nevertheless announced on 29 April 2020 that there was considerable uncertainty as to the Company's prospects and that it anticipated that its existing working capital facilities would be exhausted by the end of May.

On May 2020 the Company announced a fundraising (the "Original Fundraising") for which the necessary authorities were granted by shareholders at a general meeting held on 8 June 2020. However the conditions to the Placing Agreement under which the Original Fundraising was conducted were not satisfied and that fundraising was aborted.

Following the general meeting, discussions have continued between the Board and various stakeholders with a view to securing funding to allow the Company to continue to trade. This has resulted in the Fundraising.

### 3. Details of the Fundraising

#### ***Details of the Placing and Subscription***

Subject to the satisfaction of the conditions to the Placing becoming wholly unconditional, the Company will place a total of 833,333,334 New Ordinary Shares pursuant to the Placing raising in aggregate approximately £1.15 million (before expenses). The Placing has been conditionally placed by WH Ireland, as agent for the Company with institutional and other investors.

Subject to the satisfaction of the conditions to the Subscription becoming wholly unconditional, the Company will issue approximately 66,666,667 New Ordinary Shares pursuant to the Subscription raising up to approximately £0.1 million (before expenses).

The Placing is conditional on the Subscription monies being received. The Placing and the Subscription are also conditional only upon compliance by the Company in all material respects of its obligations under the Placing Agreement, and the occurrence of Admission.

Pursuant to the terms of the Placing Agreement, WH Ireland, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the New Ordinary Shares at the Placing Price. The Placing is not underwritten.

The Placing Agreement contains warranties from the Company in favour of WH Ireland in relation to, *inter alia*, the accuracy of the information in this announcement and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify WH Ireland in relation to certain liabilities it may incur in respect of the Placing. WH Ireland has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given to WH Ireland in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, the occurrence of a force majeure event or a material adverse change affecting the condition, or the earnings or business affairs or prospects of the Group as a whole, whether or not arising in the ordinary course of business.

The Fundraising Shares will be issued free of all liens, charges and encumbrances and will, when issued, be fully paid, and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, paid or made after the date of their issue.

#### ***Effect of the Fundraising***

Upon Admission, and assuming full take-up, the Enlarged Issued Ordinary Share Capital is expected to be 1,204,967,240 Ordinary Shares. On this basis, the Fundraising Shares will represent approximately 69 per cent. of the Company's Enlarged Issued Ordinary Share Capital.

### **Settlement and dealings**

Application has been made for the Existing Ordinary Share Capital (following the subdivision approved by shareholders at the general meeting held on 8 June 2020), the Fundraising Shares and the Creditor Conversion Shares (see paragraph 8 below) to be admitted to trading on AIM and, Admission is expected to become effective at 8.00 a.m. on 30 June 2020.

The Fundraising Shares and the Creditor Conversion Shares will rank, *pari passu*, in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued. It is expected that CREST accounts will be credited with entitlements to the Fundraising Shares and the Creditor Conversion Shares as soon as practicable after 8.00 a.m. on the day of Admission and that share certificates (where applicable) will be despatched as soon as practicable after Admission.

In accordance with the provisions of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Company confirms that, following Admission, the Company's issued share capital will comprise 1,204,967,240 Ordinary Shares of 0.1 pence each. All of these Ordinary Shares have equal voting rights and none of the Ordinary Shares are held in Treasury. The total number of voting rights in the Company will therefore be 1,204,967,240 on Admission.

### **Trading in Company's Ordinary Shares**

**Trading in the Company's Ordinary Shares on AIM was suspended pursuant to Market Notice N12/20 released on 4 June. The Company expects the suspension to be lifted once the settlement of outstanding trades has improved. The Company will provide a further update regarding the suspension shortly after Admission.**

## **4. Use of proceeds**

The net cash proceeds of the Fundraising, are expected to be approximately £1.15 million. These proceeds will be used to supplement the Company's working capital resources and strengthen the Company's balance sheet with a view to providing sufficient liquidity and flexibility to allow the Company to manage through the period of expected disruption caused by COVID-19.

The Company believes trading will be interrupted for some time and is working on the assumption that it will not be until early in 2021 that the level of business returns to normal levels.

**Given there is no certainty as to how long the COVID-19 will persist and how quickly business will return to normal levels therefore there is no guarantee that the proceeds of the Fundraising will be sufficient to support Malvern's operations until the Company reaches cash flow break even.**

## **5. Debt Restructuring**

In August 2019 the Company entered into a loan agreement with funds managed by Boost & Co. details of which were set out in an announcement dated 27 August 2019. A first tranche of £2.6 million was drawn immediately and remains outstanding.

Pursuant to recent discussions and to facilitate an equity fundraise, Boost & Co. has agreed to a restructuring of the repayments of its loan.

The key features of the agreement are that Boost & Co has agreed that in the period between and March 2020 and March 2022 (the "Standstill Period") to grant a capital and interest repayment holiday subject to improved revenue performance triggers.

The loan will continue to amortise on its original terms from 1 August 2020 to 31 July 2024, however, all capital payments not paid in the Standstill Period, up to an amount equal to £450,000, shall be paid as a bullet payment on 31 July 2024 or can be paid earlier by the Company with no penalty.

Pursuant to the Debt Restructuring, the Company has agreed to issue warrants to Boost & Co over 33,333,333 New Ordinary Shares at the Issue Price. In addition, the exercise price on the warrants granted at the time of the original loan agreement will be adjusted to the Issue Price.

## **6. Current trading and prospects**

There has been no material change in the trading of the Company since the trading update given the announcement of 20 May 2020. The London school remains closed but bookings are being taken for September 2020. The Singapore school remains closed to students but as of 29 June 2020 it will be able to reopen although its operating capacity will be restricted to 60% of its maximum. A review of operations in Singapore is expected to be undertaken following the appointment of new CEO, Richard Mace (see paragraph 9 below).

Since the announcement of 20 May 2020, the Company has continued to utilise the UK Government furlough scheme and it has secured a government support loan of £100,000.

Due to the time taken arranging the Fundraising, work on the Company's audited results for the year ended 31 December 2019 (the "2019 Accounts") has been delayed. The Company has applied for and received an extension to the period

allowed for it to publish the 2019 Accounts which now expires on 30 September 2020. The Company now expects to announce its results and publish the 2019 Accounts in the first half of August.

## 7. Creditor Conversion Shares

Certain creditors, comprising certain employees and advisers have indicated a willingness to convert salaries and fees into New Ordinary Shares at the Issue Price. In aggregate debts amounting to £169,586 are expected to be converted into 113,057,613 New Ordinary Shares of which 8,694,000 New Ordinary Shares are expected to be issued to the following Directors in respect of unpaid salaries and fees:

- Mr Mark Elliott (Non-Executive Chairman) will receive 5,831,333 New Ordinary Shares; and,
- Mr Alan Carroll (Non-Executive Director) will receive 2,862,667 New Ordinary Shares.

The intentions by the Directors to convert are not legally binding. Any conversions undertaken by them will be announced through a Regulatory Information Service.

## 8. Board changes

Subject to and with effect from Admission, Sam Malafeh the existing CEO of the Company has agreed to step down as a director of the Company. The terms of his departure and handover arrangements have been contractually agreed.

Subject to and with effect from Admission, Richard Mace, will become CEO of the Company. Richard was the founder of the Communicate English School Limited which operated the Company's school in Manchester and which was acquired by Malvern in 2018. Richard continued to run the Manchester school until leaving the Group in March 2020.

Subject to and with effect from Admission, Mr Haider Sithawalla, a Non-Executive Director and a representative of KSP Investments, will resign as a director.

Following these changes, the Board will comprise one executive director, Richard Mace, two independent non-executive directors, Mark Elliott and Alan Carroll and a further non-executive director, Nirvana Chaudhary, who is a representative of CG Corp.

## 9. Share options awards

The share option awards outlined the Circular will no longer take place although options awards are expected to be made to Richard Mace in due course and to the new permanent CFO once appointed.

## APPENDIX

### Definitions

The following definitions apply throughout this Announcement unless the context otherwise requires:

"Admission"	the admission of the New Ordinary Shares, the Fundraising Shares and the Creditor Conversion Shares, to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"Announcement"	this announcement
"Articles"	the articles of association of the Company (as amended from time to time)
"Board" or "Directors"	the board of directors of the Company

"Boost & Co"	BOOST &Co Limited of 1 Vicarage Lane, London, E15 4HF
"Business Day"	any day on which banks are usually open for business in England and Wales for the transaction of sterling business, other than a Saturday, Sunday or public holiday
"certificated" or "in certificated form"	an Existing Ordinary Share or an Ordinary Share recorded on the Company's share register as being held in certificated form (namely, not in CREST)
"Circular"	the circular to shareholders dated 20 May 2020
"Closing Price"	the closing middle market price of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
"Companies Act"	the Companies Act 2006, as amended
"Company" or "Malvern"	Malvern International plc
"Creditor Conversion Shares"	the 113,057,613 New Ordinary Shares to be issued at the Issue Price in settlement of certain outstanding liabilities
"CREST" or "CREST system"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
"CREST regulations"	the Uncertificated Securities Regulations 2001 (SI2001/3755)
"Debt restructuring"	the revised terms of the term loan facility provided by funds managed by Boost & Co to the Company
"Directors" or "Board"	the directors of the Company or any duly authorised committee thereof
"EEA"	the European Economic Area
"Enlarged Issue Ordinary Share Capital"	the issued ordinary share capital of the Company immediately following Admission, being 1,204,967,240 Ordinary Shares
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"Existing Issued Ordinary Share Capital" or "Existing Ordinary Shares"	the Ordinary Shares in issue at the date of this document being 258,576,293 Ordinary Shares
"Fundraising"	the Placing and Subscription
"Fundraising Shares"	approximately 833,333,334 new Ordinary Shares issued pursuant to the Fundraising
"Group"	Malvern International plc and its subsidiary undertakings
"Issue Price"	0.15 pence per New Ordinary Share
"Latest Practicable Date"	close of business (5.00 p.m. London time) on 19 May 2020, being the latest practicable date prior to the date of this Announcement
"London Stock Exchange"	London Stock Exchange plc
"MAR" or "Market Abuse Regulation"	the Market Abuse Regulation (2014/596/EU) (incorporating the technical standards, delegated regulations and guidance notes, published by the European Commission, London Stock Exchange, the FCA and the European Securities and Markets Authority)
"Ordinary Shares"	ordinary shares of 0.1 pence each in the capital of the Company
"Original Fundraising"	the conditional fundraising announced on 20 May 2020 which was subsequently aborted
"Placee"	any person subscribing for and/or purchasing New Ordinary Shares pursuant to the Placing
"Placing"	the placing by WH Ireland on behalf of the Company of the Placing Shares at the Issue Price pursuant to the terms of the Placing Agreement
"Placing Agreement"	the agreement dated 19 May 2020 between (1) the Company and (2) WH Ireland relating to the Placing as amended
"Placing Shares"	approximately 766,666,667 New Ordinary Shares to be issued by the Company pursuant to the Placing at the Issue Price
"Securities Act"	the United States Securities Act of 1933, as amended

"Shareholders"	the holders of Ordinary Shares (as the context requires) at the relevant time
"Subscription"	the subscription by certain investors for the Subscription Shares pursuant to the terms of subscription letters
"Subscription Shares"	approximately 66,666,667 New Ordinary Shares to be issued by the Company pursuant to the Subscription at the Issue Price
"uncertificated" or "in uncertificated form"	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"WH Ireland"	WH Ireland Limited, the Company's nominated adviser and broker
"£", "pounds sterling", "pence" or "p"	are references to the lawful currency of the United Kingdom

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